

Message Text

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ACTION EB-07

INFO OCT-01 AF-10 ARA-10 EA-07 EUR-12 NEA-10 IO-13

OIC-02 ISO-00 STRE-00 SSO-00 NSCE-00 INRE-00

USIE-00 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00

FRB-03 H-01 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 EPG-02 AID-05 SS-15 STR-04 ITC-01

TRSE-00 PRS-01 SP-02 FEAE-00 OMB-01 /133 W

-----001440 201735Z /41

O R 201653Z JUL 77

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 9440

INFO AMEMBASSY BRUSSELS

C O N F I D E N T I A L SECTION 1 OF 2 GENEVA 6049

USEEC

FOR ASST SEC KATZ

DEPT PLEASE PASS ELECTRONICALLY TO STR; ALSO PASS USDOC ASST
SEC WEIL AND DOL ASSOC DEP UNDERSEC BLACKMAN

E.O. 11652: GDS

TAGS: GATT, EEC

SUBJECT: TEXTILES: MFA RENEWAL NEGOTIATIONS

1. THIS MORNING'S (JULY 20) SEVEN-PLUS-SEVEN OPENED WITH REQUEST FROM
D-G LONG FOR VIEWS OF "MOST CONCERNED DELS" ON DRAFTS OF
STATEMENTS WHICH HE KNEW HAD BEEN INFORMALLY CIRCULATED AND
WHICH SET OUT POSITIONS OF VARIOUS EXPORTING AND IMPORTING
COUNTRIES OR GROUPS OF COUNTRIES ON HOW TO APPROACH
EXTENSION OF THE MFA.

2. EC REP TRAN SPOKE FIRST, STATING HE HAD WEAKENED POSITION
OF EC FOR ITS PENDING BILATERAL NEGOTIATIONS BY SETTING FORTH
FULL EC POSITION IN ADVANCE IN THE HOPE THAT THE OTHER PAR-
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TICIPATING COUNTRIES WOULD BE, IN TURN, ACCOMMODATING.
HE STATED THAT A PROPOSED TEXT FOR THE D-G SUMMATION
HAD BEEN PREPARED BUT WAS NOT YET QUITE READY AS A WRIT-
TEN DOCUMENT. HE ADDED THAT HE HOPED THE OTHER PARTNERS
WITH WHOM THE EC INTENDED TO CONCLUDE BILATERAL AGREE-
MENTS WOULD BE READY TO EXAMINE THE ELEMENTS OF THIS NEW
TEXT IN A POSITIVE MANNER.

3. HAMZA, EGYPTIAN SPOKESMAN FOR LDC'S INDICATED HE WOULD LIKE TO SEE TEXT, AS DID SMITH OF US DEL.
(NOTE: US DEL RECEIVED TEXT PRIVATELY JUST BEFORE MEETING STARTED.) SMITH ADDED US DEL PREPARED TO CONSULT ON TEXT BILATERALLY OR "PLURAL-LATERALLY."

4. INDIA'S RAMAKRISHNA THEN DELIVERED UNHELPFUL RESPONSE TO TRAN STATING THAT LATTER, EVEN BEFORE PRESENTING TEXT, HAS MADE STATEMENTS THAT POSE THREAT TO OTHER PARTIES WHO MAY BE IN BILATERALS WITH EC. (HE APPARENTLY WAS REFERRING TO EC'S PREVIOUSLY STATED INTENT TO USE 1976 AS BASE YEAR FOR BILATERALS AND INDIA'S INABILITY TO GET ASSURANCE THAT SUCH BASE WOULD NOT APPLY TO IT.)

5. SHIN OF KOREA REGRETTED THAT THERE WAS, AS YET, NO BREAK IN STALEMATE. KOREA, HE NOTED, HAD MADE GENUINE AND SINCERE EFFORT, BUT OBVIOUSLY MORE EFFORT WAS NEEDED BY ALL, IN WHICH KOREA WAS WILLING TO PARTICIPATE.

6. AT THIS POINT TRAN (EC) MADE MOST UNHELPFUL INTERVENTION WITH BROAD (AND IN US DEL'S VIEW HIGHLY PROVOCATIVE) STATEMENT THAT "WHATEVER HAPPENS DURING NEXT FIVE YEARS IN TEXTILE SECTOR, NOTHING, I REPEAT, NOTHING
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WILL BE THE SAME AS IT WAS IN THE LAST FOUR YEARS." THE EC, HE STATED, WAS NOT "ORGANIZING PROTECTIONISM BUT UNDOUBTEDLY ORGANIZED PROTECTIONISM AS WELL AS ORGANIZED LIBERALISM WAS BEING EXERTED." HE CONCLUDED BY STATING THAT HE WAS "PATIENT BUT CAN GO NO FURTHER -- THAT THIS WAS NOT A THREAT -- BUT MUST BE MADE CLEAR" -- AND THAT TONIGHT AFTER THE FINAL "TOILETTE" WAS FINISHED ON THE PAPER, IT WOULD BE PLACED BEFORE ALL. COMMENT: TRAN APPEARED TO BE PLAYING TO FRENCH MEMBER STATE REP WHO IS VERY MUCH THE HARD-LINER.
END COMMENT.

7. ASEAN REP HOPED GIANTS WOULD AVOID RHETORIC, AND GIVE CONSIDERATION TO LITTLE PEOPLE. HE URGED THAT ALL LOOK AT NEW DRAFT TEXT.

8. IN ORDER TO GIVE TIME FOR EXAMINATION OF NEW DRAFT TO BE PROVIDED BY EC, D-G LONG SET NEXT SEVEN-PLUS-SEVEN FOR FOUR P.M. THURSDAY WITH POSSIBILITY OF TC

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FM USMISSION GENEVA
TO SECSTATE WASHDC IMMEDIATE 9441
INFO AMEMBASSY BRUSSELS

C O N F I D E N T I A L SECTION 2 OF 2 GENEVA 6049
MEETING ZWRHU

9. FYI. PRIVATE CONVERSATIONS PRIOR TO ABOVE MEETING
ELICITED THAT EGYPTIAN DEL HAMZA NOW MIGHT BE PREPARED
TO GO ALONG WITH A PREVIOUS TEXT OF STATEMENT PROPOSED
FOR D-G LONG'S SUMMARY. END FQ.

10. AS NOTED IN PARA 3 ABOVE, US DEL HAS TEXT OF NEW
EC DRAFT. ONLY REAL PROBLEM WITH IT, AS WE HAVE ALREADY
INDICATED TO COMMISSION REPS, IS PHRASE MAKING RENEWAL
CONDITIONAL. INDEED, WE HAVE JUST LEARNED FROM
TRAN THAT HE, UNDER INSTRUCTIONS FROM DAVIGNON, MUST
TIGHTEN THAT PHRASE EVEN FURTHER, BY MAKING IT EXPLICIT
THAT EC WILL CONFIRM MFA RENEWAL ACCEPTANCE ONLY IN
LIGHT OF THEIR SUCCESS IN BILATERAL NEGOTIATIONS BEFORE
DECEMBER. SUCH EXPLICIT CONDITIONALITY WHICH THE EC HAD,
AT US-JAPANESE INSISTENCE, DELETED FROM EARLIER DRAFTS
WILL NOT, IN OUR VIEW, BE EASILY IF AT ALL ACCEPTED BY
THE OTHER PARTICIPANTS. IN PARTICULAR, JAPAN AND THE
US WILL HAVE SEVERE PROBLEMS, AND CERTAINLY THE GATT
SECRETARIAT WILL. WE WILL WORK ON THIS PROBLEM THIS
AFTERNOON AND EVENING WITH THE INTERESTED PARTIES.
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11. AT EARLY AFTERNOON PRESS CONFERENCE (WHICH WAS

ANNOUNCED THIS MORNING PRIOR TO THE SEVEN-PLUS-SEVEN MEETING), TRAN DISTRIBUTED WRITTEN PRESS STATEMENT (RELEASED SUBSEQUENTLY IN BRUSSELS) WHICH CONCLUDED WITH STATEMENT BLAMING A "HARD CORE OF EXPORTING COUNTRIES" FOR FAILING TO GRANT THE COMMUNITY THE "NECESSARY FACILITIES PERMITTING IT TO TEMPORARILY PUT ASIDE CERTAIN FORMAL PROVISIONS OF THE ARRANGEMENT." PRESS STATEMENT CONCLUDED: "IN THESE CIRCUMSTANCES, THE UNCEASING AND CONSIDERABLE EFFORTS OF MR. OLIVIER LONG, DIRECTOR-GENERAL OF THE GATT, DO NOT PRESENTLY PERMIT US TO FORESEE A POSITIVE OUTCOME OF THE NEGOTIATIONS UNDERTAKEN UNDER THE AUTHORITY OF THE TEXTILES COMMITTEE, UNLESS THERE IS AN IMPORTANT ABOUT FACE, WHICH IS ALWAYS TO BE HOPED FOR."

12. DURING QUESTION AND ANSWER SESSION TRAN WAS INTERRUPTED BY PHONE CALL WHICH HE DESCRIBED TO THE PRESS AS A REQUEST FROM BRUSSELS THAT HE HARDEN SOME OF THE LANGUAGE ON THE EC SIDE. HE ALSO SAID THAT IN THE EVENT OF FAILURE, THE EC WOULD FACE INSURMOUNTABLE PROBLEMS REQUIRING IMMEDIATE ATTENTION, WHICH HE SAID COULD COME UNDER GATT ARTICLE 19 BUT ON A FAR GREATER SCALE THAN IN THE CASES OF CANADA AND AUSTRALIA. IN SUCH A EVENT, HE PRESUMED THE US, JAPAN AND OTHERS WOULD HAVE TO TAKE MEASURES, POSSIBLY EVEN IN AREAS OTHER THAN TEXTILES.

VANDEN HEUVEL

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Message Attributes

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Decaption Note:
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Disposition Approved on Date:
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Secure: OPEN
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Subject: TEXTILES: MFA RENEWAL NEGOTIATIONS
TAGS: ETRD, GATT, EEC
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